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**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA**

JASON KING, Derivatively on Behalf of Nominal
 Defendant REDDIT, INC.,

Plaintiff,

v.

STEVEN HUFFMAN, ANDREW VOLLERO,
 JENNIFER WONG, DAVE HABIGER, BOB
 SAUERBERG, PORTER GALE, MICHAEL
 SEIBEL, PATRICIA FILI-KRUSHEL, STEVEN
 O. NEWHOUSE, and SARAH FARRELL,

Defendants,

and

REDDIT INC.,

Nominal Defendant.

Case No. 5:25-cv-05971

**VERIFIED SHAREHOLDER
 DERIVATIVE COMPLAINT**

DEMAND FOR JURY TRIAL

VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT

Plaintiff Jason King (“Plaintiff”), by and through his undersigned attorneys, brings this derivative complaint for the benefit of nominal defendant Reddit, Inc. (“Reddit” or the “Company”), against current and former members of the Company’s Board of Directors (the “Board”) and certain of its executive officers seeking to remedy the Individual Defendants’ (defined below) breach of fiduciary duties and violations of federal law. Plaintiff alleges the

1 following based upon personal knowledge as to himself and his own acts, and information and
2 belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through
3 Plaintiff's attorneys, which included, among other things, a review of Defendants' publicly
4 available documents, filings with the United States Securities and Exchange Commission ("SEC"),
5 press releases published by and regarding Reddit, legal filings, news reports, securities analysts'
6 reports about the Company, the securities class action *Tamraz, Jr. v. Reddit, Inc., et al.*, Case No.
7 3:25-cv-05144-JD (N.D. Cal.) (the "Securities Class Action"), and other publicly available
8 information.
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10 **NATURE OF THE ACTION**

11 1. This is a shareholder derivative action brought by Plaintiff on behalf of Reddit
12 against certain of its officers and current and former members of the Company's Board for
13 breaches of their fiduciary duties between at least October 29, 2024 and May 20, 2025, inclusive
14 (the "Relevant Period"), and the federal securities laws, as set forth below.
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16 2. Reddit is a social media platform and forum-style website and mobile application
17 where users can share content and engage in conversations. It is organized into various
18 "subreddits," which are individual communities centered around specific interests, hobbies, or
19 themes. While only members can post content, upvote, or downvote, users can visit the website
20 and read conversations in various subreddits without a membership.
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22 3. Many users visit Reddit after entering a query in Google Search ("Google"). In
23 2024, Google introduced new artificial intelligence ("AI") capabilities, including AI Overviews,
24 which are AI-powered summaries that Google displays after a search to provide users a rapid
25 understanding of their particular search query without having to click on a link. This situation is
26 referred to as a "zero-click search," and it has substantially reduced traffic on Reddit's platform.
27

1 4. Throughout the Relevant Period, Company management issued materially false and
2 misleading statements, failing to disclose that changes in Google's algorithm and features
3 including AI Overview were causing reduced traffic on the Company's platform.

4 5. The truth began to emerge on May 1, 2025, when the Company reported a decline
5 in daily active user growth for the third consecutive quarter. On this news, the price of Reddit stock
6 declined 4.2%, from a close of \$118.79 per share on May 1, 2025 to a close of \$113.83 per share
7 on May 2, 2025.

8 6. Then, on May 19, 2025, Wells Fargo analysts downgraded Reddit's stock and
9 lowered their price target, citing concerns related to Google's new AI features. On this news, the
10 price of Reddit stock declined 4.2%, from a close of \$113.23 per share on May 16, 2025 to a close
11 of \$107.99 per share on May 19, 2025, the following trading day.

12 7. Finally, on May 21, 2025, Baird analysts downgraded Reddit's stock and lowered
13 their price target, citing similar concerns as those identified by Wells Fargo. On this news, the
14 price of Reddit stock declined 9.3%, from a close of \$105.64 per share on May 20, 2025 to a close
15 of \$95.85 per share on May 21, 2025.

16 8. As a direct and proximate result of the misconduct detailed herein, the Company
17 has incurred significant financial losses, including the cost of defending itself and, potentially,
18 incurring class-wide damages in the Securities Class Action, as well as additional losses in market
19 capitalization, reputational harm and the loss of goodwill.

20 9. Moreover, in light of the breaches of fiduciary duty by the Individual Defendants,
21 most of whom are the Company's current directors, their collective engagement in fraud, the
22 substantial likelihood of the directors' liability in this derivative action and the Securities Class
23 Action, and that the Individual Defendants are beholden to each other based on their longstanding
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1 business and personal relationships, the Individual Defendants do not possess the requisite level
2 of disinterestedness and independence to consider a demand to commence litigation against
3 themselves and the other Individual Defendants on behalf of the Company. Accordingly, Plaintiff
4 did not make a demand on the Board because, as further detailed herein, demand would be a futile
5 and useless act.

6 **JURISDICTION AND VENUE**

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8 10. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 and Section
9 27 of the Securities Exchange Act of 1934 (the “Exchange Act”) over the claims asserted herein
10 for violations of Section 14(a) of the Exchange Act (15 U.S.C. §§ 78n(a) and Rule 14a-9 (17
11 C.F.R. §240.14a-9) promulgated thereunder by the SEC, and Sections 10(b) and 21D of the
12 Exchange Act.

13 11. This Court has supplemental jurisdiction over Plaintiff’s state law claims pursuant
14 to 28 U.S.C. § 1367(a).

15 12. This action is not a collusive action designed to confer jurisdiction on a court of the
16 United States that it would not otherwise have.

17 13. In connection with the acts, conduct and other wrongs complained of herein,
18 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
19 the United States mail, and the facilities of a national securities market.

20 14. Venue is proper in this District pursuant to Section 27(a) of the Exchange Act and
21 28 U.S.C. § 1391 because Reddit is headquartered in this District, Defendants have conducted
22 business in this District, a substantial portion of the transactions and wrongs complained of herein
23 occurred in this District, and the Securities Class Action is pending in this District.
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PARTIES

Plaintiff

15. Plaintiff is, and has been at all relevant times, a shareholder of Reddit.

Nominal Defendant

16. Nominal Defendant Reddit is incorporated under the laws of Delaware with its principal executive offices located at 303 2nd Street, South Tower, 5th Floor, San Francisco, California 94107. Reddit's common stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol "RDDT."

Individual Defendants

17. Defendant Steven Huffman ("Huffman") co-founded Reddit in June 2004 and held a variety of leadership roles until October 2009. After his departure in 2009, Defendant Huffman rejoined the Company in July 2015, and he has served as Chief Executive Officer ("CEO") and as a member of the Board since then. According to the Company's public filings, Defendant Huffman received \$193,249,486 in 2023 and \$2,613,869 in 2024 in compensation from the Company. As of March 31, 2025, Defendant Huffman beneficially owned 1,175,115 shares of Reddit Class A common stock and 3,897,083 shares of Class B common stock, worth roughly \$532.1 million¹ and granting Defendant Huffman 5.8% of the total voting power in the Company.

18. Defendant Dave Habiger ("Habiger") has served as a member of the Board since November 2022 and as its Chairperson since November 2023. Defendant Habiger serves as Chair

¹ Valuations of the Individual Defendants' personal holdings of Reddit Class A common stock are calculated based on the \$104.90 per share closing price of Reddit common stock on March 31, 2025. Further, the valuations assume that the fair market value of Reddit Class B common stock, which is not listed on any securities exchange, is equal to the fair market value of Reddit Class A common stock, as each share of Class B common stock is convertible into one share of Class A common stock at any time at the option of the holder.

1 of the Audit Committee. According to the Company's public filings, Defendant Habiger received
2 \$434,328 in 2024 in compensation from the Company. As of March 31, 2025, Defendant Habiger
3 beneficially owned 31,874 shares of Reddit Class A common stock, worth roughly \$3.3 million.

4 19. Defendant Bob Sauerberg ("Sauerberg") has served as a member of the Board since
5 April 2012 and as its Vice Chairperson since November 2023. Defendant Sauerberg serves as a
6 member of the Audit Committee. According to the Company's public filings, Defendant Sauerberg
7 received \$390,557 in 2024 in compensation from the Company. As of March 31, 2025, Defendant
8 Sauerberg beneficially owned 32,215 shares of Reddit Class A common stock, worth roughly \$3.4
9 million.
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11 20. Defendant Porter Gale ("Gale") has served as a member of the Board since April
12 2019. According to the Company's public filings, Defendant Gale received \$348,078 in 2024 in
13 compensation from the Company. As of March 31, 2025, Defendant Gale beneficially owned
14 26,417 shares of Reddit Class A common stock, worth roughly \$2.8 million.
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16 21. Defendant Michael Seibel ("Seibel") has served as a member of the Board since
17 July 2020. According to the Company's public filings, Defendant Seibel received \$347,849 in
18 2024 in compensation from the Company. As of March 31, 2025, Defendant Seibel beneficially
19 owned 75,232 shares of Reddit Class A common stock, worth roughly \$7.9 million.
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21 22. Defendant Patricia Fili-Krushel ("Fili-Krushel") has served as a member of the
22 Board since January 2022. According to the Company's public filings, Defendant Fili-Krushel
23 received \$355,578 in 2024 in compensation from the Company. As of March 31, 2025, Defendant
24 Fili-Krushel beneficially owned 27,033 shares of Reddit Class A common stock, worth roughly
25 \$2.8 million.

26 23. Defendant Steven O. Newhouse ("Newhouse") has served as a member of the
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1 Board since March 2024. According to the Company's public filings, Defendant Newhouse
2 received \$351,828 in 2024 in compensation from the Company. As of March 31, 2025, Defendant
3 Newhouse beneficially owned 8,510 shares of Reddit Class A common stock, worth \$892,699.

4 24. Defendant Sarah Farrell ("Farrell") has served as a member of the Board since May
5 2024. Prior to serving as a member of the Board, Defendant Farrell served as an observer on the
6 Board from 2021 until 2024. Defendant Farrell serves as a member of the Audit Committee.
7 According to the Company's public filings, Defendant Farrell received \$325,585 in 2024 in
8 compensation from the Company. As of March 31, 2025, Defendant Farrell beneficially owned
9 5,248 shares of Reddit Class A common stock, worth \$550,515.

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11 ***Officer Defendants***

12 25. Defendant Andrew Vollero ("Vollero") has served as the Company's Chief
13 Financial Officer ("CFO") since March 2021. According to the Company's public filings,
14 Defendant Vollero received \$6,562,758 in 2023 and \$19,234,990 in 2024 in compensation from
15 the Company. As of March 31, 2025, Defendant Vollero beneficially owned 106,602 shares of
16 Reddit Class A common stock, worth roughly \$11.2 million.

17
18 26. Defendant Jennifer Wong ("Wong") has served as the Company's Chief Operating
19 Officer ("COO") since April 2018. According to the Company's public filings, Defendant Wong
20 received \$92,530,335 in 2023 and \$1,774,996 in 2024 in compensation from the Company. As of
21 March 31, 2025, Defendant Wong beneficially owned 2,142,299 shares of Reddit Class A common
22 stock, worth roughly \$224.7 million.

23
24 **FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS**

25 27. By reason of their positions as officers and/or directors of Reddit, and because of
26 their ability to control the business and corporate affairs of Reddit, the Individual Defendants owed
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Reddit and its shareholders fiduciary obligations of trust, loyalty, good faith, and due care, and were and are required to use their utmost ability to control and manage Reddit in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interests of Reddit and its shareholders so as to benefit all shareholders equally.

28. Each director and officer of the Company owes to Reddit and its shareholders the fiduciary duty to exercise good faith and diligence in the administration of the Company and in the use and preservation of its property and assets and the highest obligation of fair dealing.

29. The Individual Defendants, because of their positions of control and authority as directors and/or officers of Reddit, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein.

30. To discharge their duties, the officers and directors of Reddit were required to exercise reasonable and prudent supervision over the management, policies, controls, and operations of the Company.

31. Each Individual Defendant, by virtue of his or her position as a director and/or officer owed to the Company and to its shareholders the highest fiduciary duties of loyalty, good faith, and the exercise of due care and diligence in the management and administration of the affairs of the Company, as well as in the use and preservation of its property and assets. The conduct of the Individual Defendants complained of herein involves a knowing and culpable violation of their obligations as directors and/or officers of Reddit, the absence of good faith on their part, or a reckless disregard for their duties to the Company and its shareholders that the Individual Defendants were aware or should have been aware posed a risk of serious injury to the Company.

32. As senior executive officers and directors of a publicly-traded company whose

1 common stock was registered with the SEC pursuant to the Exchange Act and traded on the NYSE,
2 the Individual Defendants had a duty: to ensure that Reddit implemented and properly monitored
3 the Company's internal controls over financial reporting; to prevent the dissemination of
4 inaccurate and untruthful information with respect to the Company's financial condition,
5 performance, growth, financial statements, products, management, internal controls, earnings, and
6 present and future business prospects, including the dissemination of false and/or materially
7 misleading information regarding the Company's business, prospects, and operations; and to cause
8 the Company to disclose in its regulatory filings with the SEC all those facts described in this
9 Complaint that it failed to disclose, so that the market price of the Company's common stock
10 would be based upon truthful, accurate, and fairly presented information.
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12 33. To discharge their duties, the officers and directors of Reddit were required to
13 exercise reasonable and prudent supervision over the management, policies, practices, and internal
14 controls of the Company. By virtue of such duties, the officers and directors of Reddit were
15 required to, among other things:
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17 (a) ensure that the Company was operated in a diligent, honest, and prudent
18 manner in accordance with the laws and regulations of Delaware and the
19 United States, and pursuant to Reddit's own Business Ethics Policy;

20 (b) conduct the affairs of the Company in an efficient, business-like manner so
21 as to make it possible to provide the highest quality performance of its
22 business, to avoid wasting the Company's assets, and to maximize the value
23 of the Company's stock;
24

25 (c) remain informed as to how Reddit conducted its operations, and, upon
26 receipt of notice or information of imprudent or unsound conditions or
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practices, to make reasonable inquiry in connection therewith, and to take steps to correct such conditions or practices;

(d) establish and maintain systematic and accurate records and reports of the business and internal affairs of Reddit and procedures for the reporting of the business and internal affairs to the Board and to periodically investigate, or cause independent investigation to be made of, said reports and records;

(e) maintain, implement, and monitor an adequate and functioning system of internal legal, financial, and management controls, such that Reddit's publicly disclosed financial information would be accurate;

(f) exercise reasonable control and supervision over the public statements made by the Company's officers and employees and any other reports or information that the Company was required by law to disseminate;

(g) refrain from unduly benefiting themselves and other Company insiders at the expense of the Company; and

(h) examine and evaluate any reports of examinations, audits, or other financial information concerning the financial affairs of the Company and to make full and accurate disclosure of all material facts concerning, *inter alia*, each of the subjects and duties set forth above.

34. Each of the Individual Defendants further owed to Reddit and the shareholders the duty of loyalty requiring that each favor Reddit's interest and that of its shareholders over their own while conducting the affairs of the Company and refrain from using their position, influence, or knowledge of the affairs of the Company to gain personal advantage.

35. At all times relevant hereto, the Individual Defendants were the agents of each other

1 and of Reddit and were at all times acting within the course and scope of such agency.

2 36. The Individual Defendants, because of their positions of control and authority, were
3 able to and did, directly or indirectly, exercise control over the wrongful acts complained of herein,
4 as well as the contents of the various public statements issued by Reddit.

5
6 **CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION**

7 37. In committing the wrongful acts alleged herein, the Individual Defendants have
8 pursued, or joined in the pursuit of, a common course of conduct, and have acted in concert with
9 and conspired with one another in furtherance of their wrongdoing. The Individual Defendants
10 caused the Company to conceal the true facts as alleged herein. The Individual Defendants further
11 aided and abetted and/or assisted each other in breaching their respective duties.

12 38. The purpose and effect of the conspiracy, common enterprise, and/or common
13 course of conduct was, among other things, to facilitate and disguise the Individual Defendants'
14 violations of law, including breaches of fiduciary duty and unjust enrichment.

15 39. The Individual Defendants accomplished their conspiracy, common enterprise,
16 and/or common course of conduct by causing the Company, purposefully, recklessly, or
17 negligently, to conceal material facts, fail to correct such misrepresentations, and violate applicable
18 laws.

19 40. In furtherance of this plan, conspiracy, and course of conduct, the Individual
20 Defendants collectively and individually took the actions set forth herein. Because the actions
21 described herein occurred under the authority of the Board, each of the Individual Defendants,
22 who are directors of Reddit, was a direct, necessary, and substantial participant in the conspiracy,
23 common enterprise, and/or common course of conduct complained of herein.

24 41. Each of the Individual Defendants aided and abetted and rendered substantial
25 assistance in the wrongs complained of herein. In taking such actions to substantially assist the
26 commission of the wrongdoing complained of herein, each Individual Defendant acted with actual
27 or constructive knowledge of the primary wrongdoing, either took direct part in, or substantially

1 assisted the accomplishment of that wrongdoing, and was or should have been aware of his or her
2 overall contribution to and furtherance of the wrongdoing.

3 42. At all times relevant hereto, each of the Individual Defendants was the agent of
4 each of the other Individual Defendants and of Reddit and at all times acted within the course and
5 scope of such agency.

6 **REDDIT'S BUSINESS ETHICS POLICY**

7 43. Reddit's Business Ethics Policy begins with a commitment to "the highest
8 standards of business ethics."

9 44. The Business Ethics Policy applies to all of Reddit's "directors, officers,
10 employees, contingent workers, and consultants," and violations of the Business Ethics Policy will
11 lead to "appropriate discipline, which may include termination of employment or the other
12 working relationship with Reddit, as appropriate."

13 45. With respect to conflicts of interest, the Business Ethics Policy states, in pertinent
14 part:

15 A conflict of interest can occur when an employee's, contingent worker's,
16 consultant's, officer's, or director's private interest interferes, or appears to
17 interfere, with the interests of Reddit as a whole. You should avoid any private
18 interest that influences your ability to act in the interests of Reddit or that makes it
19 difficult to perform your work objectively and effectively.

20 46. In a section titled "FAIR DEALING," the Business Ethics Policy states:

21 Employees, contingent workers, consultants, officers, and directors should
22 endeavor to deal fairly with Reddit's customers, service providers, suppliers,
23 competitors, and other employees. No employees, contingent workers, consultants,
24 officers, or directors may take unfair advantage of anyone through manipulation,
25 concealment, abuse of privileged information, misrepresentation of material facts,
26 or any unfair dealing practice.

27 47. With respect to Reddit's corporate assets, the Business Ethics Policy states that
28 "[a]ll employees, contingent workers, consultants, officers, and directors should protect Reddit's
assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on Reddit's
financial results. All Reddit assets should be used for legitimate business purposes."

1 48. With respect to the Company's records, the Business Ethics Policy states:

2 Accurate and reliable records are crucial to our business. Our records are the basis
3 of our earnings statements, financial reports, and many other aspects of our business
4 and guide our business decision-making and strategic planning. Reddit records
5 include booking information, payroll, timecards, travel and expense reports, e-
6 mails, accounting and financial data, measurement and performance records,
7 electronic data files, personnel records, records relating to our intellectual property,
8 product development and collaborations, and all other records maintained in the
9 ordinary course of our business.

10 All Reddit records must be complete, accurate, and reliable in all material respects.
11 Each employee, contingent worker, consultant, officer, and director must follow
12 any formal document retention policy of Reddit with respect to Reddit records
13 within such employee's, contingent worker's, consultant's, officer's, or director's
14 control. A request for a copy of any such document retention policy or questions
15 concerning any such policy should be directed to your supervisor or primary point
16 of contact, as applicable, or the Compliance Officer.

17 49. In a section titled "ACCURACY OF FINANCIAL REPORTS AND OTHER
18 PUBLIC COMMUNICATIONS," the Business Ethics Policy states:

19 As a public company we are subject to various securities laws, regulations, and
20 reporting obligations. Both federal law and our policies require the disclosure of
21 accurate and complete information regarding Reddit's business, financial
22 condition, and results of operations. Inaccurate, incomplete, or untimely reporting
23 will not be tolerated and can severely damage Reddit and result in legal liability.

24 Reddit's Chief Financial Officer and other employees working in Reddit's Finance
25 Department have a special responsibility to ensure that all of our financial
26 disclosures are full, fair, accurate, timely, and understandable. These employees,
27 contingent workers, consultants, and officers must understand and strictly comply
28 with generally accepted accounting principles and all standards, laws, and
regulations for accounting and financial reporting of transactions, estimates, and
forecasts.

50. With respect to legal compliance, the Business Ethic Policy states:

Each employee, contingent worker, consultant, officer, and director has an
obligation to comply with all laws, rules, and regulations applicable to Reddit's
operations. These include, without limitation, laws covering bribery and kickbacks,
copyrights, trademarks and trade secrets, information privacy, insider trading,
illegal political contributions, antitrust prohibitions, foreign corrupt practices,
offering or receiving gratuities, environmental hazards, employment discrimination
or harassment, occupational health and safety, false or misleading financial
information, or misuse of corporate assets. You are expected to understand and

comply with all laws, rules, and regulations that apply to your job position or other working relationship with Reddit. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or primary point of contact, as applicable, or the Compliance Officer.

REDDIT'S AUDIT COMMITTEE CHARTER

51. Pursuant to Reddit's Audit Committee Charter, the purpose of the Audit Committee is to assist the Board in its oversight of:

- the Company's accounting and financial reporting processes and internal controls, including audits and the integrity of the Company's financial statements;
- the qualifications, independence and performance of the Company's independent auditors (the "Independent Auditors");
- the design, implementation and performance of the Company's internal audit function;
- the Company's financial and treasury policies and strategies, including its capital structure;
- risk assessment and management; and
- compliance by the Company with legal and regulatory requirements.

52. The Audit Committee Charter tasks the Audit Committee with the following responsibilities:

Financial Statements and Disclosures

The Committee will:

- Prior to distribution to the public, review and discuss with management and the Independent Auditors, the Company's quarterly and annual financial results, earnings press releases, and earnings guidance provided to analysts and rating agencies, and other public announcements regarding the Company's operating results.
- Review and discuss the following with management, the internal auditors (if any) and the Independent Auditors, as applicable:
 - The Company's annual audited and quarterly unaudited financial

statements and annual and quarterly reports on Form 10-K and 10-Q, including the disclosures in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and recommend to the Board whether annual financial statements should be included in the Company’s Annual Report on Form 10-K;

- The results of the Independent Auditors’ audit or review of the financial statements;
- All critical audit matters (CAMs) proposed by the Independent Auditor to be included in the Independent Auditor’s annual audit report;
- Any items required to be communicated by the Independent Auditors in accordance with applicable accounting standards or requirements of the Public Company Accounting Oversight Board (the “PCAOB”); and
- Any significant issues, events and transactions and any significant changes regarding accounting principles, practices, policies, judgments or estimates.

Internal Controls

With respect to the Company’s internal controls, the Committee will:

- Review and discuss with the Company’s management, its internal auditors (if any), and the Independent Auditors, and provide oversight over, the design, implementation, adequacy, and effectiveness of the Company’s accounting and financial processes and systems of internal controls and material changes in such controls, including any control deficiencies, significant deficiencies, and material weaknesses in their design or operation, and any steps management has taken to address material weaknesses in the Company’s internal control over financial reporting.
- Review any allegations of fraud involving management or any employee of the Company with a significant role in the Company’s accounting and financial reporting process and systems of internal controls that are disclosed to the Committee.
- Discuss any comments or recommendations of the Independent Auditors outlined in their annual management letter or internal control reports.
- Periodically consult with the Independent Auditors out of the presence of the Company’s management about internal controls, the fullness and accuracy of the Company’s financial statements and any other matters that

1 the Committee or the Independent Auditors believe should be discussed
2 privately with the Committee.

- 3 • Establish procedures for (a) the receipt, retention, and treatment of
4 complaints received by the Company regarding accounting, internal
5 accounting controls, or auditing matters, and (b) the confidential and
6 anonymous submission by employees of the Company of concerns
7 regarding questionable accounting or auditing matters. Oversee the review
8 of any such complaints and submissions that have been received, including
9 the current status and the resolution if one has been reached.
- Consider the establishment, and oversee the activities, of any internal audit
function within the Company.

* * *

10 Risk Oversight and Compliance

11 The Committee will:

- 12 • Review with management the Company's financial risks and enterprise
13 exposures and the steps management has taken to monitor or mitigate such
14 risks and exposures, including the Company's procedures and any related
policies with respect to risk assessment and risk management.
- 15 • Review with management the Company's cybersecurity and other
16 information technology risks, controls, and procedures, including the
17 Company's plans to mitigate cybersecurity and other information and
technology risks and respond to data breaches.
- 18 • Review with management the Company's risk exposures in other areas, as
19 the Committee deems necessary or appropriate from time to time.
- 20 • Review the Company's policies and procedures for reviewing and
21 approving "related person transactions" as defined by Item 404 of
22 Regulation S-K and approve or recommend to the Board any changes to
23 such policies and procedures. In accordance with the Company's Related
24 Person Transaction Policy and Procedures and NYSE rules, the Committee
25 will review and, if appropriate, approve related person transactions and
26 oversee such transactions on an ongoing basis.
- Review with management the Company's (a) programs for promoting and
monitoring compliance with applicable legal and regulatory requirements,
and (b) major legal and regulatory compliance risk exposures and the steps
management has taken to monitor or mitigate such exposures.

- Review the status of any significant legal and regulatory matters and any material reports or inquiries received from regulators or government agencies that could reasonably be expected to have a significant impact on the Company's financial statements.
- Periodically, but no less frequently than annually, review and oversee and monitor the quality of implementation and execution of those elements of the Company's enterprise risk management program assigned by the full Board to the Committee.

SUBSTANTIVE ALLEGATIONS

Background of the Company

53. Reddit is a social media platform and forum-style website and mobile application where users can share content and engage in conversations. It is organized into various "subreddits," which are individual communities centered around specific interests, hobbies, or themes. Users can post text, images, videos, and links, and other members can "upvote" or "downvote" content to influence its visibility. While only members can post content, upvote, or downvote, users can visit the website and read conversations in various subreddits without a membership.

54. Many users visit Reddit to find discussions regarding particular questions that they might have. For instance, if an individual was seeking advice on carpet installation, they might search "carpet installation reddit" in Google. Google would then likely generate a link to a reddit conversation from a home improvement subreddit, where the user could read the opinions and advice of contractors or do-it-yourself ("DIY") enthusiasts.

55. Reddit primarily generates revenue through the sale of advertising space on its website. For instance, in the first quarter of 2025, advertising revenue constituted roughly 91% of the Company's total revenue.

56. In its financial statements, Reddit reports daily active uniques ("DAUq") and

1 average revenue per unique (“ARPU”) as key indicators of future revenue. Reddit defines DAUq
2 as a “user whom we can identify with a unique identifier who has visited a page on the Reddit
3 website, www.reddit.com, or opened a Reddit application at least once during a 24-hour period.
4 Average DAUq for a particular period is calculated by adding the number of DAUq on each day
5 of that period and dividing that sum by the number of days in that period.” Reddit defines ARPU
6 has “quarterly revenue in a given geography divided by the average DAUq in that geography.”

7
8 57. In 2024, Google introduced new AI capabilities, including AI Overviews, which
9 are AI-powered summaries that Google displays after a search to provide users a rapid
10 understanding of their particular search query without having to click on a link. This situation is
11 referred to as a “zero-click search.” Referring to the above example, if an individual searched
12 “carpet installation reddit” in Google, AI Overviews would display a summary of the
13 conversations on Reddit regarding carpet installation. Accordingly, for many potential Reddit
14 users, AI Overviews have substantially reduced the need to visit the Company’s platform.

15
16 ***Materially False and Misleading Statements During the Relevant Period***

17 58. On October 29, 2024, the Company issued a press release, announcing third quarter
18 2024 financial results (the “3Q24 Release”). The 3Q24 Release reported 97.2 million in DAUq, a
19 47% increase year-over-year, and \$388.4 million, a 68% increase year-over-year.

20 59. During a related earnings call, hosted by the Company on the same day (the “3Q24
21 Earnings Call”), Defendant Huffman began by reading the following prepared question, posed by
22 a Reddit user:

23
24 Next question is basically a Google question, "One thing that worries me is Google
25 taketh dynamic, particularly with logged out DAU growth. I guess most of us would
26 be expecting logging in to be outgrowing logged out, but logged in is at 27%,
27 logged out is at 70%. Even the 2-year stacks, the logged out DAU crushes. My
28 questions are, what are the dynamics of those users? It would be good if you could
have some color on the conversion of them, if they show intention on the Google

1 queries, et cetera? And how much should we worry about Google diverting traffic
2 in the future?

3 Also, if you can comment on the famous essay, Google is dying and people are
4 depending on Reddit for their queries?"

5 60. In response to the prepared question, Defendant Huffman stated:

6 Okay. Thank you for the question. Look, we've long had, I think, a symbiotic
7 relationship with Google and the Google Search platform specifically. So I ***think if***
8 ***you look within the Google traffic, there's a couple of big classes of users that I***
9 ***think are important to recognize. So the first are people who go to Google with***
10 ***the intention of ending up on Reddit.*** So in that stat I mentioned in my opening
11 remarks, we're seeing a lot of those users. Reddit is the sixth most searched word
12 on Google in the U.S. this year. ***And so those are people literally typing the word***
13 ***Reddit into Google. So they know they're going to end up on it. They're using, in***
14 ***this case, Google to navigate Reddit.***

15 ***The second class of users is users who are running maybe a more general search***
16 ***on Google and then ending up on Reddit, also valuable.*** And so we think of these
17 users as this is an opportunity to teach people that Reddit has the answers to their
18 questions. And so in that case, it's a great source of new users and a great
19 opportunity to kind of show a new audience what Reddit is all about.

20 ***It's true, the algorithm does kind of come and go, give us and take us away, as***
21 ***you say. So you'll never hear us celebrate or complain about an algorithm change***
22 ***here. But at the end of the day, Reddit has great content. It has answers to questions.***
23 ***It has advice and perspectives that people are looking for, and that's what***
24 ***Internet consumers want, whether they're coming directly to Reddit or finding us***
25 ***through other means.***²

26 61. Later during the 3Q24 Earnings Call, in response to an analyst question regarding
27 "some of the puts and takes of getting up to 40% of daily traffic coming from Google," Defendant
28 Huffman stated:

29 [O]n the kind of more traditional external search side, yes, look, I think, as I
30 mentioned, ***we've long had I think a symbiotic relationship with the Google***
31 ***search platform.*** It's high utility for some of our core users. ***Those users are going***
32 ***to come to Reddit regardless.*** And it's a great source of new users, effectively a
33 marketing channel, to educate new users about Reddit. And look, we've seen their
34 algorithm change a lot over the years, and of course, it always will. And Google, of

35 ² Unless indicated otherwise, all emphasis is added.

1 course, experiments with all sorts of new search products. Some help, some hurt.

2 But we've been on this journey for 19 years. So yes, there's volatility in that traffic.
3 But if you look over the last few years, our logged in growth has been very stable
4 and reliable. Our app growth has been stable and reliable. And that's where the vast
5 majority of our revenue is. So yes, volatility on the logged out users, on the external
6 users, but our actual business has been very stable and reliable growth over that
7 time period, and that's what we see looking forward as well.

8 62. On February 12, 2025, the Company issued a press release, announcing fourth
9 quarter and full year 2024 financial results (the "4Q24 Release"). For the fourth quarter, the 4Q24
10 Release reported 101.7 million in DAUq, a 39% increase year-over-year, and \$427.7 million in
11 revenue, a 71% year-over-year increase.

12 63. During a related earnings call, hosted by the Company on the same day (the "4Q24
13 Earnings Call"), Defendant Huffman stated the following during opening remarks:

14 We finished the year with 101.7 million DAUq, marking 39% growth year-over-
15 year, led by strong international growth at 46%. Additionally, logged-in users grew
16 27% and they've grown at this rate or higher every quarter for the last year and
17 have maintained a steady upward trend for the last two years.

18 *Late in Q4, we did experience some volatility from Google Search triggered by a*
19 *periodic algorithm change, but traffic from search has recovered so far in Q1*
20 *and we've regained momentum.*

21 *What happened wasn't unusual.* Referrals from search fluctuate from time to time
22 and they primarily affect logged-out users.

23 *Our teams have navigated many algorithm updates over the years and did an*
24 *excellent job adapting to these latest changes effectively.*

25 *This particular swing was interesting because along with it, we saw a*
26 *corresponding increase in the query term Reddit, which suggests users are*
27 *searching with the specific intent of reaching Reddit and this propensity*
28 *continues to rise.*

We typically see two types of users on Reddit, those who scroll and those who seek.

Scrollers engage with Reddit for its core community and conversation while seekers come to or end up on Reddit for answers to their questions. Just a few years ago, adding Reddit to the end of your search query felt novel.

64. Later during the 4Q24 Earnings call, Defendants Huffman and Wong stated the following in response to a question regarding “the balance of U.S. user growth versus ARPU growth”:

Defendant Huffman

[I]n terms of user growth and ARPU growth . . . I think we still have a tremendous amount of opportunity on users.

We haven’t come, I think close to tapping out in the U.S., which is our most mature market. We’re really getting off the ground in a number of countries around the world. Communities are universal, and so we see very high potential in building a product that is literally universal -- everybody belongs to communities, everybody wants that feeling of belonging.

* * *

Defendant Wong

So as we’ve mentioned before, we don’t manage to ARPU. There’s nobody who managed it to what it is. It is just the revenue divided by the users. It did grow in Q4 nicely in both regions, the U.S. and rest of world. There’s a lot of headroom there. We know that, that’s an opportunity to grow over time.

But the way we think about it is we’re trying to grow revenue by continuing to expand our verticals, drive performance, make our ad platform easier so that we have more advertisers on it, driving more demand into our platform. That grows our share as we continue to also grow users in parallel. Look, the ARPU in both the U.S. and rest of worldwide, they grew in Q4 are still very early. The ARPU for the rest of world is just a fraction of the U.S. So there’s a lot of opportunity for growth there.

But again we think of it as really growing our revenue, growing our share and users in parallel.

65. Also during the 4Q24 Earnings Call, in response to an analyst question regarding changes in the Google Search algorithm during the quarter and how to “get comfort and confidence that future changes are not going to be more problematic,” Defendant Huffman stated:

Okay. What did Google change? I have my suspicions but it’s not my place to say but *I’m not worried about it.*

Number two, assume no revenue -- impact to revenue -- sorry, assume no revenue

1 *impact? Correct. No revenue impact.*

2 Three, what was adjusted down in Q4, what's it look like in Q1? Look, I can't put
3 specific numbers on it but I don't think we'd be having this conversation if not for
the swing there, and we feel very good about the pace that we're on in Q1.

4 *Like I said, look, we see volatility from Google all the time as does everybody. You*
5 *can read the blogs a couple of times a year. Our relationship with them is great.*
6 *We collaborate in a number of ways including how they can continue to crawl us*
better so there's zero concern from us in this department.

7 66. Finally, in response to a question regarding impacts that the Google's algorithm
8 changes had on Reddit's revenue, Defendant Huffman stated:

9 Look, these changes happen. They actually happen all the time I'd say ballpark,
10 twice a year, not the first, not the last. For us, it primarily affects logged-out users
11 in the U.S. This one was particularly interesting because it really was a swing down
but then a recovery shortly thereafter.

12 It happened right at the end of the quarter. It was kind of interesting during this one,
13 the team recovered. I think adapted nice.

14 *We see these things for all sorts of different reasons.*

15 *We did see an increase in the query term "Reddit" in our own search dashboard,*
16 *which says that kind of despite what happens on the Google side, Internet*
consumers broadly want to end up on Reddit.

17 *So as we've mentioned, we started off Q1, I think on a great foot, both with our*
18 *search traffic and then also with the rest of our traffic.*

19 67. On April 28, 2025, Reddit filed a proxy statement on Form DEF 14A with the SEC
20 (the "2025 Proxy"), soliciting shareholder approval for, *inter alia*, the re-election of Defendants
21 Huffman, Farrell, Fili-Krushel, Gale, Habiger, Newhouse, Sauerberg, and Seibel to the Board and
22 the compensation of certain of the Company's executive officers, including Defendants Huffman,
23 Wong and Vollero.

24 68. With respect to the Company's 2024 financial performance, the 2025 Proxy touts
25 that "2024 was a milestone year for Reddit, our first as a public company. In 2024, we surpassed
26
27
28

1 \$1 billion in revenue, crossed 100 million daily active uniques ('DAUq'), and expanded our reach
2 to several new countries around the world." Specifically, the 2025 Proxy reported \$1.3 billion in
3 revenue and 101.7 million in DAUq during fiscal year 2024.

4 69. With respect to the Company's disclosure controls and internal control over
5 financial reporting, the 2025 Proxy states that the "Audit Committee is directly responsible for . .
6 . reviewing with our management the scope and results of management's evaluation of our
7 disclosure controls and procedures and management's assessment of our internal control over
8 financial reporting."
9

10 70. With respect to the Company's risk management function, the 2025 Proxy states:

11 Risk assessment and oversight are an integral part of our governance and
12 management processes. Our Board of Directors encourages management to
13 promote a culture that incorporates risk management into our corporate strategy
14 and day-to-day business operations. Management discusses strategic and
15 operational risks at regular management meetings, and conducts specific strategic
16 planning and review sessions during the year that include a focused discussion and
17 analysis of the risks facing us. Throughout the year, senior management reviews
18 these risks with the Board of Directors at regular board meetings as part of
19 management presentations that focus on particular business functions, operations
20 or strategies, and presents the steps taken by management to mitigate or eliminate
21 such risks.

22 Our Board of Directors does not have a standing risk management committee, but
23 rather administers this oversight function directly through our Board of Directors
24 as a whole, as well as through various standing committees of our Board of
25 Directors that address risks inherent in their respective areas of oversight. While
26 our Board of Directors is responsible for monitoring and assessing strategic risk
27 exposure, our Audit Committee is responsible for overseeing our major financial,
28 cybersecurity and information technology risk exposures and our risk exposures in
other areas, as well as the steps our management has taken to monitor and control
these exposures. The Audit Committee also approves or disapproves any related
party transactions. Our Compensation and Talent Committee assesses and monitors
whether any of our compensation policies and programs has the potential to
encourage excessive risk-taking. Our Nominating and Corporate Governance
Committee monitors the effectiveness of our Corporate Governance Guidelines.

71. The statements identified above were materially false and misleading and omitted

1 to state material adverse facts necessary to make the statements not misleading because they failed
2 to disclose that: (i) changes in Google’s algorithm and features including AI Overview were
3 causing reduced traffic on the Company’s platform; (ii) the Individual Defendants were aware that,
4 despite increases in the query term “Reddit” on search engines, users were obtaining sought after
5 answers from Google without having to visit Reddit; (iii) despite descriptions in the 2025 Proxy
6 of the Board’s and its committees’ oversight responsibilities with respect to the Company’s public
7 disclosure controls, internal controls over financial reporting, and risk management function, the
8 Board and its committees were failing to adequately exercise these oversight functions and were
9 causing and/or permitting the Company to issue the false and misleading statements detailed
10 herein; (iv) as a result of the foregoing, positive statements concerning the Company’s business,
11 operations, and prospects were materially false and misleading and lacked a reasonable basis at all
12 relevant times.

13
14 ***The Truth Emerges***

15
16 72. On May 1, 2025, the Company issued a press release, announcing its first quarter
17 2024 financial results (the “1Q25 Release”). The 1Q25 Release reported 108.1 million in DAUq,
18 a 31% increase year-over-year, and \$392.4 million in revenue, a 61% increase year-over-year. This
19 marked the third consecutive quarter of declining daily active user growth.

20 73. During a related earnings call, hosted by the Company on the same day (the “1Q25
21 Earnings Call”), the Individual Defendants failed to address Google’s algorithm changes. In
22 response to a question regarding “user growth for the remainder of the year” in light of “two or so
23 Google algorithm changes since December,” Defendant Huffman stated:

24
25 So look, we’re happy with the start to the year. In Q1, we had 108 million dailies,
26 400 million weeklies. So that’s 31% each year-over-year. ***We believe we’re in great
shape over the medium and longer term.***

1 Look, ultimately, we drive growth when we make improvements to the product,
2 which is where our focus is. So things like onboarding, search, machine translation,
they all drive growth over the long term.

3 Now, look. Remember, we're an open platform, and we want people to find
4 Reddit's content in search. Being open drives awareness and visibility, but it can
also create variability.

5 We do expect some bumps along the way from Google because we've already seen
6 a few this year. This is expected in any year, but given that the search ecosystem is
under heavy construction, the near-term could be more bumpy than usual.

7
8 To give you an early read on Q2 through the month of April, ***we're seeing total
DAUs growing in the high-teens range year-over-year.***

9 But the short-term bumps don't affect our long-term strategy or opportunity. We're
10 in control of our own destiny.

11 ***I think the question behind the question is, is there a long-term risk to Reddit
12 here? And in my view, the answer is no.*** In fact, I think there's opportunity. There's
13 no doubt LLMs will evolve search on the Internet. We can all see that. It's
awesome.

14 Sometimes people will want the summarized, annotated, sterile answers from AI,
15 and we're even building this ourselves in Reddit Answers. But other times, they
want the subjective, authentic, messy, multiple viewpoints that Reddit provides.

16 So in the same way that Reddit for the last decade has been an alternative to social
17 media – social media being performative and manicured, and Reddit being the
18 opposite – Reddit communities and conversations will be an alternative to AI search
answers.

19 ***And furthermore, people want what Reddit has. When they search, they search
20 for Reddit by name. In the last 90 days, the word "Reddit", was the sixth most
21 searched word on Google between "news" and "Trump", which incidentally also
22 says something about our position in the media landscape. The Google algorithm
serves users what they want and what they ask for. Of course we have had a long
and symbiotic relationship with Google.***

23 So in summary, expect some bumps and expect us to continue to improve the
24 product and lay the foundation for more consistency in the back half of the year and
25 beyond. Our opportunity remains huge, communities are universal, our knowledge
base is unparalleled.

26 74. Later during the 1Q25 Earnings Call, the following exchange occurred between
27
28

Defendant Huffman and an analyst from Wells Fargo:

Ken Gawrelski – Wells Fargo – Analyst

[B]ack to the DAU point you made about it being in the high tens in April in volatility. Could you give us [] please a bit more color on both U.S. versus international and kind of logged out versus logged in.

Defendant Huffman

So look, we're focused on the product and building longer term. Search traffic is mostly logged out, but it's some logged in, too; it's more U.S. than not, simply because that's where we've had the content base. That's the biggest content base and where it's had it the longest.

So look, we'll see where it goes. As I said, we expect some bumps. *Some bumps are normal.*

It's probably more bumpy than typical because of the evolution. So we'll share more with you next quarter.

75. On this news, the price of Reddit stock declined 4.2%, from a close of \$118.79 per share on May 1, 2025 to a close of \$113.83 per share on May 2, 2025.

76. On May 19, 2025, Wells Fargo analysts issued a report (the "Wells Fargo Report"), downgrading Reddit's stock and lowering their price target from \$168 per share to \$115 per share. The Wells Fargo Report stated that Google's new AI features would likely create a "permanent" disruption on user traffic to Reddit's platform. On this news, the price of Reddit stock declined 4.2%, from a close of \$113.23 per share on May 16, 2025 to a close of \$107.99 per share on May 19, 2025, the following trading day.

77. Then, on May 21, 2025, Baird analysts issued a report, downgrading Reddit's stock and lowering their price target from \$140 per share to \$120 per share, citing similar concerns as the Wells Fargo Report. On this news, the price of Reddit stock declined 9.3%, from a close of \$105.64 per share on May 20, 2025 to a close of \$95.85 per share on May 21, 2025.

DAMAGE TO THE COMPANY

78. As a direct and proximate result of the misconduct detailed above, the Company

1 has incurred and will continue to incur significant financial losses, including but not limited to, the
2 costs of defending against and incurring potential class-wide liability in the Securities Class
3 Action.

4 79. These damages also include the costs of remediating deficiencies in the Company's
5 procedures and controls and compensation and benefits paid to current and former members of the
6 Board and Company executives, who breached their fiduciary duties to Reddit.

7
8 80. Furthermore, as a direct and proximate result of the misconduct detailed herein,
9 Reddit has also suffered and will continue to suffer a loss of reputation and goodwill, and a "liar's
10 discount" that will plague the Company's stock in the future due to the Company's
11 misrepresentations and management's breaches of fiduciary duties and unjust enrichment.

12 **DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS**

13 81. Plaintiff brings this action derivatively in the right and for the benefit of the
14 Company to redress injuries suffered and to be suffered as a direct and proximate result of the
15 breach of fiduciary duties by the Individual Defendants.

16
17 82. Reddit is named solely as a nominal party in this action. This is not a collusive
18 action to confer jurisdiction on this Court that it would otherwise not have.

19 83. Plaintiff is a current shareholder of Reddit and was a continuous shareholder of the
20 Company during the period of the Individual Defendants' wrongdoing alleged herein. Plaintiff will
21 adequately and fairly represent the interests of the Company in enforcing and prosecuting its rights
22 and retained counsel competent and experienced in derivative litigation.

23
24 84. A pre-suit demand on the Board of Reddit is futile and, therefore, excused. At the
25 time this action was commenced, the eight-member Board was comprised of Defendants Huffman,
26 Habiger, Sauerberg, Gale, Seibel, Fili-Krushel, Newhouse, and Farrell (the "Director
27

1 Defendants”). Accordingly, Plaintiff is only required to show that four Directors cannot exercise
2 independent objective judgment about whether to bring this action or whether to vigorously
3 prosecute this action. As set forth below, all of the Board’s current members are incapable of
4 making an independent and disinterested decision to institute and vigorously prosecute this action,
5 including because they face a substantial likelihood of liability, and so demand on the Board to
6 institute this action is not necessary because such a demand would have been a futile act.

7
8 85. The Director Defendants either knew or should have known of the false and
9 misleading statements that were issued on the Company’s behalf and took no steps in a good faith
10 effort to prevent or remedy that situation.

11 86. Each of the Director Defendants approved and/or permitted the wrongs alleged
12 herein to have occurred and participated in efforts to conceal or disguise those wrongs from the
13 Company’s stockholders or recklessly and/or with gross negligence disregarded the wrongs
14 complained of herein and are therefore not disinterested parties.

15
16 87. Moreover, the Director Defendants willfully ignored, or recklessly failed to inform
17 themselves of, the obvious problems with the Company’s internal controls, practices, and
18 procedures and failed to make a good faith effort to correct the problems or prevent their
19 recurrence.

20 88. Defendant Huffman is not disinterested or independent and is therefore incapable
21 of considering a demand. Defendant Huffman has served as the Company’s CEO since July 2015.
22 Thus, the Company admits that Defendant Huffman is a non-independent director. Further,
23 Defendant Huffman co-founded the Company and cannot reasonably be expected to consider with
24 disinterestedness whether to sue fellow directors of a company that he founded and helped to build
25 from inception.
26

1 89. Furthermore, Defendant Huffman is not disinterested or independent because he is
2 named as a defendant, and faces significant personal liability, in the Securities Class Action based
3 on substantially the same wrongdoing as alleged herein, specifically issuing materially false and
4 misleading statements during the Relevant Period.

5 90. Defendants Habiger, Sauerberg, and Farrell served on the Company's Audit
6 Committee during the Relevant Period (the "Audit Defendants") and, pursuant to the Audit
7 Committee Charter, were specifically charged with the responsibility to assist the Board in
8 fulfilling its oversight responsibilities related to, *inter alia*, financial accounting and reporting, the
9 underlying internal controls and procedures over financial reporting, and the audits of the financial
10 statements. At all relevant times, however, the Audit Defendants breached their fiduciary duty to
11 the Company by failing to prevent, correct, or inform the Board of the issuance of material
12 misstatements and omissions regarding the Company's business and the adequacy of its internal
13 controls as alleged above. Therefore, the Audit Defendants cannot independently consider any
14 demand to sue themselves for breaching their fiduciary duties to the Company, as that would
15 expose them to substantial liability and threaten their livelihoods.

16 91. The Director Defendants, as members of the Board, were and are subject to the
17 Company's Business Ethics Policy. The Business Ethics Policy goes well beyond the basic
18 fiduciary duties required by applicable laws, rules, and regulations, requiring the Directors to also
19 adhere to the Company's standards of business conduct. The Director Defendants violated the
20 Business Ethics Policy because they knowingly or recklessly participated in making and/or causing
21 the Company to make the materially false and misleading statements alleged herein. Because the
22 Director Defendants violated the Business Ethics Policy, they face a substantial likelihood of
23 liability for breaching their fiduciary duties, and therefore demand upon them is futile.

1 92. All of the Board's current members derive substantial revenue from the Company,
2 control the Company, and are indebted to each other. These conflicts of interest have precluded
3 the Board's current members from calling into question the Director Defendants' conduct.
4 Specifically, none of the Board's current members have taken remedial action to redress the
5 conduct alleged herein.

6 93. The Director Defendants' conduct described herein and summarized above could
7 not have been the product of legitimate business judgment as it was based on bad faith and
8 intentional, reckless, or disloyal misconduct. Thus, none of the directors can claim exculpation
9 from their violations of duty pursuant to the Company's charter. As a majority of the directors face
10 a substantial likelihood of liability, they are self-interested in the transactions challenged herein.
11 They cannot be presumed to be capable of exercising independent and disinterested judgment
12 about whether to pursue this action on behalf of the shareholders of the Company. Accordingly,
13 demand is excused as being futile.

14 94. The acts complained of herein constitute violations of fiduciary duties owed by
15 Reddit's officers and directors, and these acts are incapable of ratification.

16 95. The Individual Defendants may also be protected against personal liability for their
17 acts of mismanagement and breaches of fiduciary duty alleged herein by directors' and officers'
18 liability insurance if they caused the Company to purchase it for their protection with corporate
19 funds i.e., monies belonging to the stockholders of Reddit. If there is a directors' and officers'
20 liability insurance policy covering the Individual Defendants, it may contain provisions that
21 eliminate coverage for any action brought directly by the Company against the Individual
22 Defendants, known as, *inter alia*, the "insured-versus-insured exclusion." As a result, if the
23 Director Defendants were to sue themselves or certain officers of Reddit, there would be no
24
25
26
27

1 directors' and officers' insurance protection. Accordingly, the Director Defendants cannot be
2 expected to bring such a suit. On the other hand, if the suit is brought derivatively, as this action
3 is brought, such insurance coverage, if such an insurance policy exists, will provide a basis for the
4 Company to effectuate a recovery. Thus, demand on the Director Defendants is futile and,
5 therefore, excused.

6 96. If there is no directors' and officers' liability insurance, then the directors will not
7 cause Reddit to sue the Defendants named herein, since, if they did, they would face a large
8 uninsured individual liability. Accordingly, demand is futile in that event as well.
9

10 97. Thus, for all of the reasons set forth above, all of Reddit's current directors are
11 unable to consider a demand with disinterestedness and independence. Consequently, a demand
12 upon the Board is excused as futile.

13 **COUNT I**

14 **Against the Individual Defendants for Violations of § 14(a) 15 of the Exchange Act, 15 U.S.C. § 78n(a) and Rule 14a-9 (17 C.F.R. § 240.14a-9)**

16 98. Plaintiff incorporates by reference and realleges each and every allegation
17 contained above, as though fully set forth herein.

18 99. The Individual Defendants violated § 14(a) of the Exchange Act, 15 U.S.C. §
19 78n(a)(1), and Rule 14a-9, 17 C.F.R. § 240.14a-9, promulgated thereunder by the SEC.
20

21 100. The Individual Defendants, individually and in concert, disseminated and/or
22 permitted the dissemination of materially false and misleading statements in the 2025 Proxy filed
23 with the SEC. As alleged above, this filing contained materially false and misleading statements
24 concerning the Company's financial performance, risk management function and its internal
25 controls over financial reporting.

26 101. The 2025 Proxy was used to solicit shareholder votes in connection with the
27
28

election of Defendants Huffman, Farrell, Fili-Krushel, Gale, Habiger, Newhouse, Sauerberg, and Seibel to serve for another one-year term on the Company's Board. In addition, the 2025 Proxy was used to solicit the advisory vote to approve the compensation of, *inter alia*, Defendants Huffman, Wong, and Vollero. While the shareholder vote was non-binding, the 2025 Proxy indicated that the "Board of Directors and Compensation and Talent Committee, which is responsible for designing and administering our executive compensation program, value the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for our Named Executive Officers."

102. Describing the Company's "Compensation Policies and Practices," the 2025 Proxy indicates that compensation is "performance-based," stating that the Company "[p]rovide[s] a significant portion of performance-based or variable compensation that is not guaranteed."

103. The materially false and misleading statements contained in the 2025 Proxy regarding the Company's financial performance, risk management function and its internal controls over financial reporting therefore misleadingly induced shareholders to vote in favor of the election of Defendants Huffman, Farrell, Fili-Krushel, Gale, Habiger, Newhouse, Sauerberg, and Seibel, and performance-based compensation to Defendants Huffman, Wong, and Vollero, to which they were not entitled.

104. The payment of unwarranted performance-based compensation to these Company executives was a waste of corporate assets.

COUNT II

Against the Individual Defendants For Breach of Fiduciary Duty

105. Plaintiff incorporates by reference and realleges each and every allegation

1 contained above, as though fully set forth herein.

2 106. The Individual Defendants owed the Company fiduciary obligations. By reason of
3 their fiduciary relationships, the Individual Defendants owed the Company the highest obligation
4 of good faith, fair dealing, loyalty, and due care.

5 107. The Individual Defendants violated and breached their fiduciary duties of care,
6 loyalty, reasonable inquiry, and good faith.

7 108. The Individual Defendants engaged in a sustained and systematic failure to
8 properly exercise their fiduciary duties. Among other things, the Individual Defendants breached
9 their fiduciary duties of loyalty and good faith by failing to implement and monitor adequate
10 internal controls over the Company's financial reporting and, as a consequence, issuing or
11 permitting the issuance of materially false and misleading statements in the Company's SEC
12 filings and other public disclosures. These actions could not have been a good faith exercise of
13 prudent business judgment to protect and promote the Company's corporate interests.

14 109. As a direct and proximate result of the Individual Defendants' failure to fulfill their
15 fiduciary obligations, the Company has sustained significant damages.

16 110. As a result of the misconduct alleged herein, the Individual Defendants are liable
17 to the Company. As a direct and proximate result of the Individual Defendants' breach of their
18 fiduciary duties, the Company has suffered damage, not only monetarily, but also to its corporate
19 image and goodwill. Such damage includes, among other things, costs incurred in defending itself
20 in the Securities Class Action, exposing the Company to millions of dollars in potential class-
21 wide damages in the Securities Class Action, and damage to the share price of the Company's
22 stock, resulting in an increased cost of capital, and reputational harm.

23 **COUNT III**

24 **Against the Individual Defendants for Aiding and**
25 **Abetting Breach of Fiduciary Duty**

26 111. Plaintiff incorporates by reference and realleges each and every allegation
27

1 contained above, as though fully set forth herein.

2 112. By encouraging and accomplishing the illegal and improper transactions alleged
3 herein and concealing them from the public, the Individual Defendants have each encouraged,
4 facilitated, and advanced their breach of their fiduciary duties. In so doing, the Individual
5 Defendants have each aided and abetted, conspired, and schemed with one another to breach their
6 fiduciary duties, waste the Company's corporate assets, and engage in the ultra vires and illegal
7 conduct complained of herein.
8

9 113. Plaintiff, on behalf of Reddit, has no adequate remedy at law.

10 **COUNT IV**

11 **Against the Individual Defendants**
12 **For Unjust Enrichment**

13 114. Plaintiff incorporates by reference and realleges each and every allegation
14 contained above, as though fully set forth herein.

15 115. By their wrongful acts, violations of law, and false and misleading statements and
16 omissions of material fact that they made and/or caused to be made, the Individual Defendants
17 were unjustly enriched at the expense of, and to the detriment of, Reddit.

18 116. The Individual Defendants either benefitted financially from the improper
19 conduct, or received bonuses, stock options, or similar compensation from Reddit that were tied
20 to the performance or artificially inflated valuation of Reddit, or received compensation that was
21 unjust in light of the Individual Defendants' bad faith conduct.
22

23 117. Plaintiff, as a shareholder and a representative of Reddit, seeks restitution from the
24 Individual Defendants and seeks an order from this Court disgorging all profits, benefits and other
25 compensation procured by the Individual Defendants due to their wrongful conduct and breach
26 of their fiduciary and contractual duties.
27

118. Plaintiff, on behalf of Reddit, has no adequate remedy at law.

COUNT V

**Against the Individual Defendants
For Abuse of Control**

119. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

120. The Individual Defendants misconduct alleged herein constituted an abuse of their control over the Company, for which they are legally liable.

121. As a direct and proximate cause of the Individual Defendants' abuse of control, the Company has sustained substantial damages.

122. Plaintiff, on behalf of the Company, has no adequate remedy at law.

COUNT VI

**Against the Individual Defendants
For Waste of Corporate Assets**

123. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

124. The wrongful conduct alleged regarding the issuance of false and misleading statements was continuous, connected, and on-going throughout the time period in issue. It resulted in continuous, connected, and ongoing harm to the Company.

125. As a result of the misconduct described above, the Individual Defendants wasted corporate assets by, *inter alia*: (i) paying and collecting excessive compensation and bonuses; and (ii) incurring potentially millions of dollars of legal liability and/or legal costs, including defending the Company and its officers against the Securities Class Action.

126. As a result of the waste of corporate assets, the Individual Defendants are liable to

1 the Company.

2 127. Plaintiff, on behalf Reddit, has no adequate remedy at law.

3 **COUNT VII**

4 **Against Defendants Huffman, Vollerero, and Wong for Contribution Under**
5 **Section 10(b) and 21D of the Securities Exchange Act of 1934**

6 128. Plaintiff incorporates by reference and realleges each and every allegation
7 contained above, as though fully set forth herein.

8 129. Reddit, along with Defendants Huffman, Vollerero, and Wong (the “Officer
9 Defendants”), are named as defendants in the Securities Class Action, which asserts claims under
10 the federal securities laws for violations of Sections 10(b) and 20(a) of the Exchange Act, and
11 SEC Rule 10b-5 promulgated thereunder.

12 130. The Securities Class Action alleges that the class members relied, directly or
13 indirectly, upon the false and misleading statements and omissions, as alleged herein, in
14 purchasing Reddit securities. The Securities Class Action further alleges that, as a direct and
15 proximate result, the class members suffered damages because the value of their investments were
16 artificially inflated by the false and misleading statements and omissions, they purchased such
17 securities at the artificially inflated prices, and the value of their investments fell when the truth
18 was eventually revealed, causing economic losses to the class members.

19 131. If and when the Company is found liable in the Securities Class Action for these
20 violations of the federal securities laws, the Company’s liability will be in whole or in part due to
21 the Officer Defendants’ willful and/or reckless violations of their obligations as officers and/or
22 directors of the Company.

23 132. The Officer Defendants, because of their positions of control and authority as
24 senior executive officers of the Company, were able to and did, directly and/or indirectly, exercise
25

1 control over the business and corporate affairs of the Company, including the wrongful acts
2 complained of herein and in the Securities Class Action.

3 133. Accordingly, the Officer Defendants are liable under 15 U.S.C. § 78j(b), which
4 creates a private right of action for contribution, and Section 21D of the Exchange Act, 15 U.S.C.
5 § 78u-4(f), which governs the application of a private right of action for contribution arising out
6 of violations of the Exchange Act.

7
8 134. As such, the Company is entitled to receive all appropriate contribution or
9 indemnification from the Officer Defendants.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiff demands judgment as follows:

12 A. Awarding money damages against all Individual Defendants, jointly and severally,
13 for all losses and damages suffered as a result of the acts and transactions complained of herein,
14 together with pre-judgment interest, molded in a fashion to ensure the Individual Defendants do
15 not participate therein or benefit thereby;

16
17 B. Directing all Individual Defendants to account for all damages caused by them and
18 all profits and special benefits and unjust enrichment they have obtained as a result of their
19 unlawful conduct, including all salaries, bonuses, fees, stock awards, options and common stock
20 sale proceeds, and imposing a constructive trust thereon;

21 C. Directing Reddit to take all necessary actions to reform and improve its corporate
22 governance and internal procedures to comply with applicable laws and to protect Reddit and its
23 stockholders from a repeat of the damaging events described herein, including, but not limited to:

- 24
- 25 • strengthening the Board's supervision of operations and compliance with
26 applicable state and federal laws and regulations;
- 27

- strengthening the Company's internal reporting and financial disclosure controls;
- developing and implementing procedures for greater stockholder input into the policies and guidelines of the Board; and
- strengthening the Company's internal operational control functions.

D. Awarding punitive damages;

E. Awarding costs and disbursements of this action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and

F. Granting such other and further relief as the Court deems just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

Dated: July 16, 2025

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